

**Minutes of:** CALIFORNIA STATE ATHLETIC COMMISSION  
**Meeting Specifics:** Regular Commission Meeting  
October 17, 2002 – 9:00 a.m.  
Burbank Airport Hilton  
2500 Hollywood Way  
Burbank, CA 91505

**1. CALL TO ORDER BY CHAIRMAN**

Commissioners Present: Van Gordon Sauter, Chairman  
Sanford Michelman, Vice-Chairman  
Armando Vergara  
John Frierson  
Martin Denkin

Commissioner Absent: Al Ducheny

Staff Present: Rob Lynch, Executive Officer  
Dean Lohuis, Chief Inspector  
Earl Plowman, Deputy Attorney General  
Anita Scuri, DCA Legal Counsel  
Jessica Finch, Recording Secretary

(Due to time constraints the items were heard in the following order: 1-9-8-5-6-2-4-3-10-11-12-14.3.4-14.3.1-14.5-14.1-14.8-15-16-17)

**2. APPROVAL OF AUGUST 29, 2002 COMMISSION MEETING MINUTES**

**Action:** Motion by Commissioner Denkin and seconded by Vice-Chairman Michelman to approve minutes as submitted.  
**Vote:** Unanimous

**3. SUMMARY OF CHAIRMAN ACTIVITIES SINCE LAST MEETING**

Chairman Sauter stated that Senate Bill 2505 which is being advanced by Senator McCain has been introduced and is controversial. He stated that Senator McCain's office asked the ABC to conduct a poll as to whether or not they approve, in concept, of the legislation. He explained that of 23 states who voted; 14 oppose - 4 support - 1 abstention. Chairman Sauter added that his vote was against and his reason being that the legislation would significantly reduce the capacity and role of the state athletic commissions and secondly it would create a "boxing czar". He further informed the Commission that another Bill was being introduced by a Senator in Nevada that would have a small commission of 4 or 5 people overlooking boxing, which seems less reprehensible than a "boxing czar". Chairman Sauter stated that he had invited Senator McCain's representative to meet with the California Commission to discuss this issue.

#### **4. SUMMARY OF EXECUTIVE OFFICER ACTIVITIES SINCE LAST MEETING**

Mr. Lynch stated that on September 26, 2002 Golden Boy Promotions held a boxing event at Compaq Arena in San Jose. He explained that it was just a basic club show except that the gross ticket sales were \$128,000.

Chairman Sauter asked Mr. Englebrecht of Golden Boy Promotions to please explain the reasons he believes that the show was such a success. Mr. Englebrecht replied that Golden Boy Promotions is a full time boxing promotion organization and it is treated as a business 24 hours a day. He explained that Golden Boy Promotions has established a formula in which low prices, direct marketing by name capturing at events, using local fighters and by making the event not only a sport but entertaining. Mr. Englebrecht stated that the promotion is striving to 'great' and not just 'good'.

Chairman Sauter asked Mr. Englebrecht approximately how large his direct marketing database is at this time. Mr. Englebrecht responded that in San Jose it is approximately 4,200 and Orange County about 10,000. Chairman Sauter congratulated Mr. Englebrecht on his success.

Mr. Lynch informed the Commission that on September 28, 2002 Cedric Kushner Promotions promoted a boxing event at the Palace Casino in Lemoore. He further explained that Mr. Kushner had recently "bounced" checks to California officials (these checks were made good) and had some check difficulties in Oklahoma. Staff required that all purses and officials' fees be paid in cash. Cedric Kushner Promotions complied with payments approaching \$60,000.

On October 12, 2002 Mr. Lynch stated that there was a World Boxing Association world title bout in Anaheim. Commission staff in cooperation with Earl Plowman, Deputy Attorney General, withheld the WBA sanctioning fees which were payable by the two boxers and the promoter. Staff did this based upon the accusation that the WBA violated the Federal Boxing Act of 1996 by tampering with the rankings of boxers. Staff will release the sanctioning fees to the WBA once they have responded to the allegations. Mr. Lynch added that it was his understanding that a hearing was held the day prior.

Mr. Plowman stated that under Federal law the sanctioning body has seven days to respond to the boxers accusations and respond to the Association of Boxing Commissions as well. The sanctioning body is not entitled to receive any compensation directly or indirectly if they do not respond and at that point it would be a Federal felony which violates the provisions of the Muhammad Ali Boxing Act. He further added that he had spoken with his colleagues in Nevada and had their full support in withholding the fees from the WBA.

Chairman Sauter stated that the WBA had responded to the allegations by eliminating the previous rankings and producing new rankings. He further stated that the boxers and managers were not in agreement with the old or the new rankings, but the WBA complied by responding.

Mr. Plowman stated that the checks would be released as soon as proof of compliance was established.

Mr. Hassett made the comment to the Commission that officials are required to submit 10% of their fee from working a California sanctioned event to the WBA regardless of membership of the officials to the WBA. Mr. Lynch stated that he was unaware of such a fee deduction being made. Mr. Plowman stated that he also was unaware of such a deduction, otherwise he would have put a stop to it. Commissioner Denkin stated that this does occur.

Vice-Chairman Michelman suggested that this be placed on the next meeting agenda.

Mr. Lynch stated that on October 12, 2002 a Medical Advisory Committee meeting was held.

## **5. APPEAL OF FINE - ACTION**

- 5.1 Ron Williams dba RW Promotions – Professional Boxing Promoter  
Mr. Lynch informed the Commission that Mr. Williams is currently a licensed promoter and holds events primarily at the Burbank Hilton. He explained that on July 26, 2002, Mr. Williams issued a check to the Commission in the amount of \$3,532 for gate taxes and licensing fees. Mr. Lynch stated that the check “bounced” and Mr. Williams was fined \$2,500. He further stated that the Commission received a cashier’s check from Mr. Williams to cover the \$3,532. He added that Mr. Williams is now appealing the \$2,500 fine.

Mr. Lynch explained that Mr. Williams promoted an event on March 30, 2001 in which he “bounced” checks for gate taxes (\$2,435), his promoter license fee (\$1,000) and boxer purses (\$6,328). He added that Mr. Williams was unable to rectify the situation and staff made a claim on his surety bond.

He further explained that the bond had been issued by Frontier Insurance Company of New York City. He stated that staff was informed by the bonding company that the New York State department of Insurance ordered all Frontier Insurance Company employees to stop work on all claims pending a hearing. He summarized by stating that in all probability, Frontier Insurance has filed for bankruptcy and no monies will be paid out.

Mr. Lynch recommended that the \$2,500 fine be upheld and that Mr. Williams make full restitution for all monies owed from his March 30, 2001 promotion. He further recommended that this be accomplished prior to R.W. Promotions promoting another event.

Mr. Williams explained that he was out of town with an amateur boxer competing in Golden Gloves when the check bounced. He stated that it was a minor miscalculation on his part causing the funds to fall short and has since established a roll over account to be available should such a situation occur again. He further explained that as soon as he was aware of a problem, he rectified the situation promptly.

As to the March 2001 situation, he stated that all but two checks have been paid and he mentioned that he was in the process of paying out those two checks.

Commissioner Denkin reiterated that this was not Mr. Williams first time having non-sufficient funds checks issued. He also questioned as to why Mr. Williams had not paid the fine prior to appealing the fine. Mr. Lynch responded that he had spoken with Mr. Williams and had agreed to postpone payment until after the Commission had rendered a decision on the matter.

Commissioner Frierson asked Mr. Williams if he was fined in 2001 for the bounced checks. Mr. Williams replied that he had not.

Ms. Scuri then asked if Mr. Williams had submitted proof that the checks from 2001 had been rectified to which Mr. Lynch responded that the staff had not received proof of payment on all checks.

Chairman Sauter stated that he himself had attended two events held by R.W. Promotions. He added that he would not like to see Mr. Williams stop promoting there at the Burbank Hilton.

Vice-Chairman Michelman suggested that the fine be reduced to \$500 and restitution for the 2001 checks be paid and proof submitted to Commission staff within 30 days. He further added that if Mr. Williams does not comply, that the fine of \$2,500 be reintroduced and upheld.

Commissioner Denkin suggested that Mr. Williams pay the officials for the next three shows in cash or cashiers check.

Mr. Lynch informed the Commission that Mr. Williams had a show scheduled within the next 30 days, and the Commission was in agreement not to impede this event.

**Action:** Motion by Vice-Chairman Michelman and seconded by Commissioner Frierson to reduce the fine to \$500 with the if restitution is made within 30 days and evidence of payments submitted within that time. If full restitution is not paid within that time, then the entire \$2,500 fine will be due.

**Vote:** Unanimous.

## **6. LICENSE REINSTATEMENT - ACTION**

### **6.1 Damian Wills – Professional Boxer**

Mr. Lynch stated that Mr. Wills appeared before the Commission at the December 2000 Commission meeting. His appearance was based upon the fact that Mr. Wills violated Commission Rule 210 in that he falsified a material fact on his application for licensure as a professional boxer. On his application, Mr. Wills answered “no” to the question, “Are you now on parole or probation?” Mr. Wills

was in fact on parole for a prior conviction for possession of narcotics for sale and receiving stolen property. At that time, Mr. Wills stated that he would be off parole in December 2000. The Commission directed Mr. Wills to appear at the March 2001 meeting and provide a copy of his parole discharge paperwork. He did not appear at the March 2001 meeting.

In September 2002, Mr. Wills' parole agent contacted Commission staff and informed them that Mr. Wills was still on parole. However, the parole agent stated that she had no concerns about Mr. Wills fighting professionally while on parole.

Mr. Lynch stated that staff recommended that Mr. Wills be granted a 2002 professional boxer license should he apply. He added that this approval will be contingent upon staff receiving written confirmation from the parole agent that the Department of Corrections has no objection to Mr. Wills being granted a license.

Commissioner Denkin asked Mr. Wills if he had fought professionally before. Mr. Wills stated that he had one exhibition fight and one professional fight. Commissioner Denkin then asked who Mr. Wills trainer was. Mr. Wills stated that he is currently being trained by Terry Claybon. Mr. Claybon is a well respected trainer.

**Action:** Motion by Chairman Sauter and seconded by Commissioner Denkin to approve Mr. Wills' application should he apply for a 2002 professional boxing license contingent upon receiving a letter from his parole agent that the Department of Corrections has no objection to Mr. Wills fighting professionally.

**Vote:** Unanimous.

#### **7. PROMOTERS' ISSUING NONSUFFICIENT FUNDS CHECKS - ACTION**

This item was not heard.

#### **8. REFEREE RATINGS – EVALUATIONS – RESPONSIBILITIES - ACTION**

Commissioner Denkin stated that travel arrangements for officials scheduled to work a show has become a problem. He would like to see staff make all arrangements instead of the officials contacting the promoter. Chairman Sauter stated that this issue was not on the agenda and would have to be heard at a future meeting once it has been noticed.

Commissioner Denkin stated that current practice of evaluations is unfair. He informed the Commission that evaluations were not being done across the board equally and frequently the same officials were being evaluated. He also added that officials in Northern California were not being evaluated at all. Commissioner Denkin further added that Mr. Rozadilla who is the current evaluator, was working shows in which he was also evaluating and Commissioner Denkin felt that this was a conflict of interest. He further stated that if the official disagreed with the

evaluation, the official felt intimidated to discuss this with the evaluator or Mr. Lohuis for fear of not being scheduled to work if they complained.

Commissioner Denkin also stated that when the evaluator sits next to Mr. Lohuis at an event, the perception is skewed in the respect that the official feels as if he or she is being evaluated by two people. Commissioner Denkin explained that it was his understanding that the officials being evaluated now felt intimidated.

For clarity, Chairman Sauter asked Commissioner Denkin if the following was a summation of the issues at hand:

1. The application of the evaluation process is not universal.
2. There is an imprecision in the standards that are being used to evaluate an official.
3. The evaluator's neutrality is questionable depending on the people to which the evaluator is in proximity to.

Deputy Attorney General Earl Plowman stated that Rule 376 is the governing rule regarding this issue. Rule 376 reads as follows:

#### **§ 376. GRADING OF REFEREE'S PERFORMANCE**

It shall be the duty of the assigned commission representative to grade each boxing referee's performance for each contest presided over by the referee. The grade shall be either satisfactory or unsatisfactory and shall be arrived at by considering, among other things, the referee's reflexes, and overall ability to direct and control the contest in a manner designed to ensure the protection of the participants and to obtain the contestants' compliance with the statutes and rules of the commission applicable to the particular contest. The grader may include written comments where a satisfactory grade is rendered but shall make specific written comments where a grade of unsatisfactory or needs improvement is rendered. The grade and any comments pertaining thereto shall be filed with the executive officer in the Sacramento office and may be inspected or copied by the referee or anyone designated in writing by the referee so graded. Any referee wishing to protest an evaluation shall do so in writing within 30 days after the evaluation has been served on the referee.

If a referee files a written protest of any evaluation, the Executive Officer or that persons designee, shall in consultation with the evaluator discuss the evaluation with the referee. Where the evaluation is unsatisfactory or needs improvement, the referee shall be given recommendations for improving his/her performance.

Chairman Sauter asked the frequency of protests to the referee evaluations. Mr. Lynch responded that this rarely occurred.

Chairman Sauter asked the other Commissioners and the officials present if the evaluation process was necessary in their opinion. Vice-Chairman Michelman stated that the evaluation was absolutely necessary to facilitate the standard to which the official is performing.

Commissioner Denkin stated that he had no problem with the idea of evaluations, but the process in which it is being applied.

Vice-Chairman Michelman suggested that Commissioner Denkin develop a presentation stating all aspects of the evaluation process. In this presentation Commissioner Denkin may state what is currently working and what is currently not working in the process.

Chairman Sauter then asked Mr. Lynch if he felt that there was a problem with the evaluation process. Mr. Lynch responded that the only difficulty was lack of evaluators. Mr. Lynch further explained that it would be improper for himself or Mr. Lohuis to evaluate a referee, and that the referee should be evaluated by one of his/her peers. Mr. Lynch also informed the Commission that there had previously been an evaluator in Northern California who has since retired. Mr. Lohuis stated that he believes the evaluation has been instrumental in the maturity of 'young' or 'new' referees.

Chairman Sauter then asked Mr. Lynch if some referees are evaluated more than others. Mr. Lynch responded he did not feel that some are evaluated more than others, but there is occasion where referees are not being evaluated. He stated for example if there are six events in two days, the evaluator could not possibly be in all places at the same time.

Vice-Chairman Michelman suggested that perhaps until a presentation is made by Commissioner Denkin, that Mr. Lohuis not be seated next to Mr. Rozadilla when Mr. Rozadilla is evaluating a referee.

Chuck Hassett was asked by Chairman Sauter if he and his colleagues have any problem with the evaluation process conception. Mr. Hassett stated that he and the referees he represents do not have any objection to being evaluated, nor the evaluator chosen. He added that he did have an issue with the fact that not all referees are being evaluated equally.

Pat Russell, official, informed the Commission that in his opinion the California State Athletic Commission has the best officials in the world. He further explained that when talking about evaluations, it was regarding the best getting even better. Mr. Russell suggested that along with evaluating the official, the official be rated. (ie. top five officials, etc.)

Vince Delgado, official, concurred with Commissioner Denkin, Mr. Hassett and Mr. Russell.

Chairman Sauter then asked if Mr. Rozadilla has been performing on a regular basis to which Mr. Lohuis replied that Mr. Rozadilla did miss a few events a few weeks prior but has since resumed his regular schedule.

Vice-Chairman Michelman again suggested that a presentation be made regarding this issue.

Chairman Sauter suggested that a luncheon be held with several officials to discuss their opinion regarding this issue.

Commissioner Frierson agreed that officials need to feel that the system is equitable and universal.

Anita Scuri informed the Commission that any meeting held in which more than two Commissioners were present, must be noticed and have an agenda.

Chairman Sauter suggested that to keep perception of the evaluation process neutral, that Mr. Lohuis not be seated near Mr. Rozadilla. Mr. Lohuis agreed that he would not seat himself near Mr. Rozadilla when Mr. Rozadilla is evaluating.

Vice-Chairman Michelman stated that for the record, this suggestion of separation in no way suggests any impropriety on either Mr. Rozadilla or Mr. Lohuis' part.

**Motion: No action was taken.**

**Vote: No action was taken.**

## **9. PROFESSIONAL – AMATEUR FIGHT CARDS - ACTION**

Commissioner Denkin stated that currently the Commission has Rule 242 which states that all professional boxing cards shall have 26 rounds of boxing with a 4 round standby. Commissioner Denkin informed the Commission that it was his concern that pro/am cards are being supplemented with amateur fights to prevent the promoter from receiving a fine for not having enough scheduled rounds to complete the 26 rounds. Commissioner Denkin added that it was his opinion that the general public assumed a professional card would have 26 rounds of professional boxing not a portion of amateur to complete the 26 rounds.

Chairman Sauter asked Mr. Lynch what the current practice was. Mr. Lynch stated that the practice that was established before his tenure as Executive Officer was that if it was a strictly professional card, the event could take place if the promoter had 22 rounds. This was allowed as long as the following criteria was made:

- a. 26 rounds were originally scheduled
- b. The promoter made an announcement before the event began that the public had 10 minutes to ask for a refund of their ticket if the 22 rounds was unsatisfactory.
- c. A fine would be imposed by the Athletic Commission for the cost of the 4 round bout that was lacking.

Chairman Sauter then asked if there were any rule, regulation or statute dealing with professional/amateur combined events. Mr. Lynch stated that there was not.

Mr. Lynch then stated that when pro/am events began, the policy was that if the promoter had 18 rounds of professional boxing, the promoter could supplement the rest of the required rounds with amateur bouts. Mr. Lynch stated that it was his opinion that it was unfair, if the consumer was an avid professional boxing fan, they may not spend the money to attend a pro/am event. He added that the reason amateurs were originally added to the card was to give the amateurs local exposure and a chance to establish a fan base. According to Mr. Lynch this would benefit the

boxer when he went professional. Chairman Sauter then asked Mr. Lynch if this was a rational assumption to which Mr. Lynch responded that it was.

Commissioner Frierson stated that since his appointment to the Commission he has tried to attend all events in the Southern California region. He stated that it was his opinion that this problem of supplementing the event with amateur bouts was only an issue for one particular promoter. He added that he himself had spoken with this promoter regarding this issue. He further added that the clientele that patronize his events are usually the same crowd and that it is more of a social event than a sporting event.

Commissioner Vergara then asked how the amateurs were chosen to participate on the card. Commissioner Frierson stated that he believes that they are standbys that end up on the card. Commissioner Denkin stated that this particular promoter had done this many times, and he was concerned that it would become a habit.

Vice-Chairman Michelman stated that it was his understanding that according to Rule 242, the promoter was not violating any rule by supplementing a card with amateur bouts.

Chairman Sauter asked Mr. Lohuis what the practice was in other states. Mr. Lohuis stated that it was general practice to allow pro/am cards at small venues.

Vice-Chairman Michelman stated that it was his opinion that as long as the event was advertised correctly, he presently had no dispute to the pro/am cards.

Roy Englebrecht, CEO of Golden Boy Promotions, stated that most professional promoters do not supplement the professional cards to meet the 26 round requirements.

Commissioner Frierson stated the fliers that he has viewed had advertised “fights” not using the word ‘professional’ or ‘amateur’. He reiterated that most of the events that use the amateurs frequently, that the events are a social event.

Chuck Hassett, boxing official, stated that the pro/am card had been around for some time. He added that in the beginning the amateurs were used as a “warm up” for the crowd who came to see a professional boxing event.

Commissioner Denkin stated that perhaps he used the wrong word in stating that a “violation” of Rule 242 is taking place and rather that “abuse” of Rule 242 is more accurate.

Commissioner Vergara then informed the Commission that if pro/am cards are allowed to continue in numbers, it was his concern that it could affect Golden Gloves events.

Chairman Sauter asked Mr. Lohuis how often this was taking place in Southern California. Mr. Lohuis responded that perhaps one in ten events is a pro/am format.

Chairman Sauter stated that protection of amateur boxing must be done. He then instructed staff to prepare a statement regarding this issue for the Commissioners to review and vote on at the

next Commission meeting. He suggested that the recommendation include who, when, where and how often the “abuse” of this occurs.

**Motion:** No action was taken.

**Vote:** No vote was taken.

(Commissioner Vergara departed from the meeting at this time.)

#### **10. PROFESSIONAL BOXERS’ PENSION PLAN - ACTION**

Mr. Lynch stated that at the August 29, 2002 meeting the Commission discussed and generally agreed upon the issues below but a formal vote was not taken on the items. He requested that the Commission proceed with a formal vote in regard to these pension issues.

10.1 Confirmation and approval of the movement of monies to the new money manager pursuant to new IFB.

10.2 Confirmation of the renewal of the Investment Policy Statement.

10.3 Delegation of authority to the Pension Advisory Committee for limited investment policy action consistent with the Investment Policy Statement.

**Action:** Motion by Chairman Sauter and seconded by Vice-Chairman Michelman to 1) Confirm and approve of the movement of monies to the new money manager pursuant to the awarding of the Invitation For Bid 2) Confirm the renewal of the Investment Policy Statement and 3) Delegate authority to the Pension Advisory Committee for limited investment policy action consistent with the Investment Policy Statement.

**Vote:** Unanimous.

#### **11. BUDGET REPORT - INFORMATION**

Mr. Lynch stated that in Fiscal Year 01-02 the Commission was forced to reduce their budget by \$85,000 (9%) which was accomplished by eliminating 1.8 vacant clerical positions (\$76,000) and reducing the General Expense budget line item by \$9,000. In Fiscal Year 02-03, which is the current budget year, our budget was first reduced by \$130,000 (15%). This was accomplished by eliminating 1.2 vacant clerical positions, 1.3 inspector positions for a total of \$107,000 plus a reduction in the General Expense budget line item of \$23,000. To add insult to injury the budget was again reduced by \$74,000 (5%). In this case we actually laid off one professional position, the Associate Governmental Program Analyst which amounted to \$69,000 plus we reduced the General Expense budget line item by another \$5,000.

He further explained that this is not the end of the bad news. Effective July 1, 2003 all General Fund agencies, the Commission is a General Fund agency, must reduce their Fiscal Year 03-04 budgets by 20% with the Governor’s signing of Assembly Bill 593, this permits the Department of Finance to begin the reductions in Fiscal Year 02-03. Staff has completely stripped our operating expenses to the bone and only personnel layoffs will meet the \$132,000 reduction. The targeted positions and the projected effective date of layoff is as follows:

November 30, 2002 - 1 Office Technician  
March 30, 2003 - Assistant Chief Athletic Inspector  
June 30, 2003 - .5 Staff Services Analyst

Mr. Lynch informed the Commission that staff had submitted lengthy justification to the Department of Finance as to the reasons these positions should not be lost but staff had not heard back from the Department of Finance at this time. He added that once this 20% reduction is made, the total percentage of reduction will be 44%.

Mr. Lynch further informed that Commission with these budget cuts it will be very difficult if at all possible to meet all of the Commission's statutory mandates.

Chairman Sauter stated that it is his concern that the Commission would be unable to conduct business as need be. He suggested that a meeting be held in November to review the budget and meet with Kathleen Hamilton and Aliene Adams to inform them of the enormity of the precipice that the Commission is approaching.

Ms. Scuri made the suggestion to meet with the Department of Finance due to the fact that it is a critical control agency.

Mr. Englebrecht asked the Commission what direction he should take as a CEO of Golden Boy Promotions, knowing the impending cuts that are ahead for the Commission. He stated that it is his concern that his promotion would be denied the opportunity to hold events for lack of staff available. He stated that it is his responsibility to inform Mr. De La Hoya of the status of the Commission.

Chairman Sauter then asked Mr. Englebrecht if he would support the Commission if called to justify staff requirements.

Mr. Lynch made the comment that California holds over 100 boxing events a year, and a weigh-in for each show, the State actually has over 200 shows. This is due to the weigh-in being the day before, and perhaps the weigh-in could be moved to the day of the show.

Vice-Chairman Michelman suggested perhaps emergency legislation is necessary. Chairman Sauter stated that budget review is necessary is facilitate any other options other than personnel layoffs.

Mr. Plowman stated that Mr. Lynch had suggested that representatives be invited to an event in Sacramento to view in person the scope of what the Commission actually does and how person intensive it is. Chairman Sauter stated that this was a very good idea and Mr. Lynch stated he would invite representatives from the Department of Finance to the November 1, 2002 event at Arco Arena.

## **12. SPECIAL FUND vs. GENERAL FUND - INFORMATION**

Mr. Lynch stated that the Athletic Commission is identified as a General Fund (G.F.) Agency rather than a Special Fund (S.F.) Agency. All G.F. Agencies are funded by state tax revenues whereas S.F. Agencies are independently and internally funded by license fees and other revenue sources. All revenues collected by G.F. Agencies are deposited back into the General Fund while S.F. Agency revenues are deposited into that agency's special fund and can only be used by that agency. For example, if the Contractors State Licensing Board collects 5 million dollars revenue in a single year, that 5 million remains with that Board year after year. In other words, the money does not disappear at the end of a fiscal year. G.F. agencies do not retain their revenues and start each new year with a zero balance.

Mr. Lynch added that all agencies are given an appropriation (budget amount) at the beginning of a fiscal year and that appropriated amount may not be exceeded during the year. If an S.F. Agency's appropriated amount is 1 million dollars and they collect 5 million dollars in revenue, they may only spend 1 million dollars during that fiscal year. The same holds true for G.F. agencies.

He explained that most G.F. Agencies are not revenue producing agencies. They are appropriated a block of General Fund money and return nothing back to the General Fund. An example of this is the Department of Social Services. The Athletic Commission is one of the few revenue producing G.F. Agencies. All of the Athletic Commission license fees, gate taxes, etc. are deposited right back into the General Fund.

The following are the previous five fiscal year budget appropriations and the revenues collected:

<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Revenue</b>
01-02	\$888,000	\$871,000
00-01	\$862,000	\$803,000
99-00	\$907,000	\$834,000
98-99	\$799,000	\$800,000
97-98	\$775,000	\$604,000

Mr. Lynch further explained that Fiscal Year 98-99 was the only year in which Commission revenues exceeded the appropriation or spending authority. The Commission's budget for Fiscal Year 02-03 is \$675,000 and revenues will most likely exceed the appropriated amount.

He informed the Commission that the major source of revenue for the Commission is the gate tax on professional wrestling. This comprises approximately 38% of total revenue followed by boxing gate taxes which equals approximately 27%.

Mr. Lynch stated that S.F. Agencies do have certain luxuries not afforded G.F. Agencies. The main one is that they are not subject to the across the board budget reductions which plague G.F. Agencies. However, the Administration has been known to "raid" their surplus funds to balance the overall State budget.

In Fiscal Year 82-83, the Commission was a S.F. Agency. The switch from G.F. to S.F. was based upon over-inflated revenue projections based upon the popularity of large-scale bouts on

closed circuit. This was, to say the least, a disaster and the Commission reverted back to G.F. status the following year. In 1991, the Department of Finance persuaded the Legislative Conference Committee to designate the Commission as a S.F. Agency. For the next two years the Commission's revenue did not meet the levels to justify the Commission as a S.F. Agency. The Commissioners went directly to the Governor with an ultimatum, either abolish the Commission or return us to the General Fund. With this in mind, the Commission was placed back in the General Fund.

Mr. Lynch summarized with stating that if the Commission were to become an S.F. Agency it would require securing an author for legislation because the Commission is currently statutorily placed in the G.F. There are also several other important considerations in becoming a S.F. Agency. One is a start up loan from another S.F. Agency payable at the close of the first fiscal year. In Fiscal Year 82-83, the Commission borrowed seed money from the Bureau of Automotive Repair (\$100,000) and the Medical Board (\$100,000). A second consideration is the cyclical nature of commission revenues. Professional wrestling is at an all time high in popularity, but how long will it last?

Ms. Scuri informed the Commission that the State is allowed to receive 'loans' from S.F. agencies and can no longer "raid" the accounts. Vice-Chairman Michelman asked Ms. Scuri the conditions in which such a loan would be made, to which Ms. Scuri replied that it would depend on the S.F. Agency's surplus budget. If the budget had too small of a surplus, the Agency would not be required to loan the General Fund any funds.

Chairman Sauter then asked if the Commission would become a S.F. Agency, in essence would the Commission enter into the entrepreneur business. He stated that this might require an entirely different mind set and this was a concern for him.

Mr. Lynch made the statement that if the Commission does become a S.F. it does not guarantee that the Department of Finance will reinstate the positions that have been eliminated.

Mr. Plowman informed the Commission that unlike other agencies within Department of Consumer Affairs, the revenue that it gained does not primarily come from licensing but from taxes. This issue he stated needed to be addressed to the Department of Finance.

Chairman Sauter stated that an analysis of a unit cost per event to the Commission needed to be done vs. the revenue produced from the event and if there needed to be an adjustment.

Commissioner Denkin stated that there is a problem with the promoter receiving monies from sponsorship which at this time is not taxable and in exchange many times for the sponsorship, complimentary tickets are given out. It was his opinion that the Commission may be losing a great deal of revenue due the Commission due to this practice. He also made the statement that the events are not audited independently to check the ticket vs. actual bodies at a given event. At this time, Mr. Plowman informed the Commission that he suggests and has suggested in the past, that the Commission have a full time auditor on staff to rectify this situation.

Mr. Jack Reiss, official, suggested that perhaps an auditor from another agency could be borrowed instead of hiring a full time auditor just for the Commission.

Vice-Chairman Michelman made the point that although the Commission would remain a regulatory agency, if the Commission became a S.F. the emphasis would change.

Commissioner Denkin suggested volunteers or work-sharing program from college students to supplement the Commission staff. Mr. Plowman stated that an internship might be possible but further discussion would need to be done on the matter due to complexity of the issue.

### **13. RELATIONSHIP WITH TRIBAL CASINOS - INFORMATION**

This item was not heard.

### **14. COMMITTEE REPORTS – INFORMATION / ACTION**

#### **14.1 Arbitration Committee Report**

Mr. Plowman stated that there are arbitration dates that are in the process of being set and will report further at the next meeting.

#### **14.2 Pension Plan Review Committee Report**

This item was not heard.

#### **14.3 Medical and Safety Standards Advisory Committee Report**

Dr. Wallace stated that there was a Medical Advisory Committee meeting held on October 12, 2002 and unfortunately no Commission staff was present, but Deputy Attorney General Earl Plowman did attend. He further stated that tapes of the meeting have been submitted to the Commission for the minutes to be typed and edited. A full report will be submitted at the next meeting. On a side note, he stated that the Arrowhead Pond stated that it was available at no charge for Commission meetings.

##### **14.3.1 Weigh-Ins and Weight Gain Prior to Bout**

Dr. Wallace stated that there is currently a rule regarding the weight of gloves in direct connection with the weight of the boxer. His concern as well as other physicians, is that at time of the fight, the boxer has most likely gained a considerable amount of weight which may put the boxer in a higher bracket as far as the weight of the gloves.

Dr. Wallace stated that his suggestion would be that the glove size be established at the weight at the time of the fight.

Vice-Chairman Michelman stated that this issue should be addressed at the next meeting.

##### **14.3.2 Water/Other Fluids Permitted In Corner**

This item was not heard.

##### **14.3.3 Injury Update**

This item was not heard.

14.3.4 Post-Fight Medical Instructions

Dr. Wallace stated that a review and recommendation of the physicians report needed to be made and would be able to further discuss this issue at the next meeting after the report from the Medical Advisory Committee meeting was done.

Mr. Plowman stated that during the MAC meeting that a lengthy discussion regarding suturing a boxer. He was questioned as to whether or not the physicians, in the capacity of an official at an event, was covered legally by the Commission. He responded that in the capacity of an official that they would be covered, but services outside of that capacity such as suturing, may not. He stated that this was due to the fact that the law does not provide it within the description of duties of a ringside physician. If suturing is being done, he added, it is at the liability of the physician and his private insurance.

14.4 Legislative Committee Report

This item was not heard.

14.5 Officials' Committee Report

Commissioner Denkin stated that himself and Commissioner Frierson have been attending many local fights. He also informed the Commission that he has been placed on the Hall of Fame Executive Board and was also appointed by the ABC to develop a official policy manual.

14.6 Amateur Boxing Committee Report

Commissioner Vergara handed out a listing of amateur events for the year 2003 which listed no activity for January, February and March. However, the listing did include Golden Gloves tournaments in April and May. No activity for June with tournaments resuming in July. August and September of 2003 listed no activity. October the Diamond Belt is to take place. No activity for November with a Johnnie Flores show in December.

14.7 Strategic Plan Committee Report

This item was not heard.

14.8 Martial Arts Advisory Committee

Ms. Scuri informed the Commission that she had received comments from Mr. Paul Smith and Dr. Hamilton to restructure the proposed regulations that were submitted for their review.

Dr. Hamilton added that there has been a decline in the promotion of kickboxing in the State of California and has received information from the promoters as to their reasoning for the change. He stated that this information was forwarded to Ms. Scuri.

He also stated that there is an issue regarding amateur vs. professional kickboxers and their requirements. Dr. Hamilton explained that there is currently no distinction between the headgear or shinpads and the average promoter is more inclined to promote an amateur show in which the promoter would not be responsible for paying purses for professional kickboxers. Also the blood test requirement is also a factor.

Vice-Chairman Michelman suggested that these issues be addressed while discussion of the proposed regulations are being discussed. Ms. Scuri stated that it was her intent to do so.

**15. AGENDA ITEMS FOR FUTURE MEETINGS**

- Statement and recommendation by staff regarding professional/amateur cards.
- Officials travel arrangements for working scheduled events.
- Pro/Am Fight Cards
- Commissioner Denkin to make a presentation and recommendation regarding the referee evaluation process.
- Promoter non-sufficient funds
- Sanctioning fees deducted from officials by WBA or other sanctioning bodies.
- Senate Bill 2505
- Report of the Medical Advisory Committee Meeting
- Abolition of ringside physician assignment suggestions by Dr. Wallace
- Compensation of Officials
- Ringside Physician complaints
- Weight gain vs. boxing glove size
- Testimony regarding the ABAA (Toughman) application

**16. COMMISSIONERS' COMMENTS AND/OR RECOMMENDATIONS**

There were no comments at this time.

**17. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**

Dr. Wallace stated that there is currently an issue between himself and Mr. Lohuis and there is pending litigation. Dr. Wallace stated, under sworn testimony, that although the State may not mandate him to suture a contestant at an event, it is his desire to do so under the presumption that he is more qualified to suture the contestant than any emergency room staff. He further stated that the promoter is not required to provide transportation for the contestant to the hospital. Dr. Wallace stated that the core of his issue with Mr. Lohuis is that he believes Mr. Lohuis feels that Dr. Wallace is unethically charging the contestants for the suturing, but overcharging for this service as well.

Chairman Sauter thanked Dr. Wallace for his comments.

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The meeting was then adjourned at 1:00 p.m.

The draft minutes were prepared by:

\_\_\_\_\_  
JESSICA FINCH

\_\_\_\_\_  
DATE

The final minutes were prepared by:

\_\_\_\_\_  
JESSICA FINCH

\_\_\_\_\_  
DATE